

Iowa Department of Public Health



SFY 18 Budget Report from the Plumbers, Mechanical Professionals and Contractor Licensing Board
Pursuant to requirements of Iowa Code 105.9

Submitted to the Iowa General Assembly on January 14, 2019

Bureau of Environmental Health Services, Division of ADPER & EH • January 14, 2019

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Pursuant to Iowa Code section 105.9, the Iowa Plumbing and Mechanical Systems Board submits the following annual budget report to the Iowa Legislature. Iowa Code section 105.9 requires the board to demonstrate that revenues remain within 10 percent of expenditures over a period of at least three years.

SFY 2018 Renewal Cycle:

- A contract with CSDC (OCIO contracted software vendor) was signed in SFY2015 to develop a new database system for the ADPER & EH Division-wide Licensing System. The Plumbing and Mechanical Systems Board (PMSB) was one of 16 programs to move into this system.
- On May 16, 2017, the database went “live” for PMSB licensees to begin renewal online. The goal for the program was to have 80 percent of its licensees renew online. Since that date, approximately 83 percent of individuals and contractors have renewed online, while 17 percent renewed by paper.
- The “one stop shop” to renew the Iowa Workforce Development (IWD) contractor registration and Iowa Department of Public Health (IDPH) contractor license was implemented in the SFY17/18 renewal cycle. Contractors are able to renew their IWD registration and IDPH license through the IDPH Regulatory Programs portal or by submitting a joint paper application to IDPH.
- Rules which became effective March 12, 2014, set the initial and renewal fee for apprentice licensure at \$50.00, journey person at \$180.00, master licenses at \$240.00 and contractor licenses at \$250.00. All licenses now cover a three-year licensing period and have the expiration date of June 30, 2020. The department is reviewing the current fee structure to determine if a change will need to be made for the renewal cycle starting July 1, 2020.
- In addition to PMSB office staff, there is one CAI contractor and one LaunchIT staff to manage the Help Desk for all 16 regulatory programs. From July 1, 2017 to June 30, 2018, the Help Desk staff logged a total of 2783 inbound and outbound calls for PMSB licensees. The average time of those phone calls was 7 minutes. The Help Desk staff also responded to 94 email inquiries.
- In SFY2019, a lobby area on the fifth floor of the Lucas Building will be constructed to serve all of the ADPER & EH Regulatory Programs, including the Plumbing and Mechanical Systems Board.

SFY2017 thru SFY 2018 Licensee Data Snapshot (data pulled 11/20/18)

- Expiration dates on these licenses are June 30, 2020
- The data pulled is aggregate data from SFY2017 and SFY2018
- There are 17,433 individual licenses and 1874 contractor licenses.

Total Active Contractor License with Expiration of 2020	1874	
Total # of Master of Records (MORs)	2957	MOR-Plumbing: 1460 MOR-Hydronics: 411 MOR-Mechanical: 711 MOR-HVAC/R: 575
Inactive Master/Active Journey (IM/AJ)	111	Plumbing: 67 Hydronics: 8 Mechanical: 13 HVAC/R: 23
Total # of Apprentices	1783	

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Total # of Hearth Systems	6	
Total # of Private College	4	
Total # of Disconnect/Reconnect	22	
Total # of HVAC Service Tech	200	
Total # of Med Gas	95	
Total # of Journey Licenses	5972	Plumbing: 2374 Hydronics: 784 Mechanical: 1053 HVAC/R: 1666 Sheet Metal: 95
Total # of Master Licenses	6283	Plumbing: 3152 Hydronics: 376 Mechanical: 1429 HVAC/R: 1326
Total # of individuals that hold more than 1 license	3450	
Total # of applicants that received a discount	3694	Individuals: 3210 Contractors: 484
Late Renewals for Individuals (received after July 30, 2017)	915	\$60.00 Late Fee: 415 \$100.00 Late Fee: 499

SFY2018/SFY2019 expenditures and projected annual budget through SFY2023:

Expenditure Summary FY 2018 & FY 2019			
<i>State Fiscal Year</i>	<i>Revenue (includes. carryover)</i>	<i>Expenditures</i>	<i>Balance</i>
2018*	\$2,898,017	\$996,286	\$1,901,731
2019	\$1,961,731	\$1,109,321	\$852,410
Projected Revenue and Expenditures FY 2019 through 2023**			
2020	\$912,410	\$1,473,313	(\$560,903)
2021	\$2,328,123***	\$1,515,446	\$812,677
2022	\$872,677	\$1,558,844	(\$686,167)
2023	\$60,000****	\$1,603,542	(\$1,543,542)

***The revenue and expenditures for FY18 are actual expenses. See additional attachment for a more detailed summary.**

****A shift in budgeting for the AMANDA project will occur in 2020. This accounts for the discrepancy in budget lines between FY2019 and FY2020.**

*****This number was estimated from the amount collected for renewals in FY18 and includes an estimated 20 percent loss of revenue for those licensees who choose to not renew. This revenue will begin to come into the department in FY2020, since it is impossible to tell how many licensees will renew in FY2020 vs. FY2021, the revenue has been allocated to FY2021.**

******This is money from new licenses.**

Assumptions:

- The expenditures above assume that personnel costs and indirect costs remain stable.
- The revenue and expenditures above assume that the renewal cycle will remain in the current format with all licensees renewing at one time every three years.

Conclusions:

- IDPH transitioned to the new CSDC licensing software (AMANDA) in CY2017. IDPH continues to work with the vendor to develop cost estimates for ongoing hosting and maintenance, and will adjust budgeting projections for FY18 and beyond as more detailed estimates are established. While the initial database is functioning, much was learned during the July 1, 2017, renewal period and enhancements will need to be made resulting in potentially additional costs. The ultimate impact on budget numbers is not yet fully understood.
- It should also be noted that the common perception that new technology that increases efficiencies also results in costs savings is inaccurate. While technology may reduce the need for certain administrative costs, there is an offset (an often an increase) in staffing costs with the need to have information technology staff who can manage and maintain the technology.
- The SFY19-SFY22 budget shows a three year estimated revenue generation of \$2,448,123 and estimated expenditures equal to \$4,098,080. This means projected revenues only cover approximately 60% of projected expenditures over the three year budgeting cycle. The goal is to achieve revenues remaining within 10 percent of expenditures over a period of at least three years.
- These projections, when adjusted with additional details regarding hosting and maintenance costs of AMANDA and salary adjustments, indicates a need to review and update the fee structure to support the upward trend in expenditures.